ANNUAL REPORT
1982

The Manitoba
Pension Commission

PENSION COMMISSION OF MANITOBA

1982 ANNUAL REPORT

MANITOBA

DEPARTMENT OF LABOUR AND
EMPLOYMENT SERVICES
PENSION COMMISSION OF
MANITOBA
1004-401 York Avenue
Winnipeg, Manitoba
R3C 0V8

Honorable Mary Beth Dolin
Minister of Labour & Employment Services
Room 343, Legislative Building
Winnipeg, Manitoba

Dear Madam Minister:

In accordance with Section 13(1) of the Pension Benefits Act of Manitoba, I hereby submit the Eighth Annual Report of the Pension Commission of Manitoba, for the period ending December 31, 1982.

Yours very truly,

J. Corp

Mr. John Corp
Chairman

Eighth Annual Report
of
The Pension Commission of Manitoba
For the period ending
31 December 1982

Pension Commission of Manitoba
1004 - 401 York Avenue
Winnipeg, Manitoba
R3C 0P8

Phone: 204-944-2740

Members of the Commission

Mr. J. Corp, Chairperson
Ms. J. Minish, Vice-Chairperson
Mr. G.W. Battershill
Ms. G. Cordes
Mr. G. Enns
Mr. J. Friesen
Professor J. Hofley
Ms. M. Thompson
Mr. G. Yurchak

Administrative Staff

Mr. A.J. O'Brien, Superintendent of Pensions
Mr. J.C. Haip, Assistant Superintendent of Pensions
Mrs. D. Sylvestre, Administrative Officer
Mrs. G. Feindel, Pension Analyst
Mr. R. Youngson, Employee Benefits Analyst
Mrs. D. Augert, Administrative Secretary
Mrs. S. Cockerill, Receptionist

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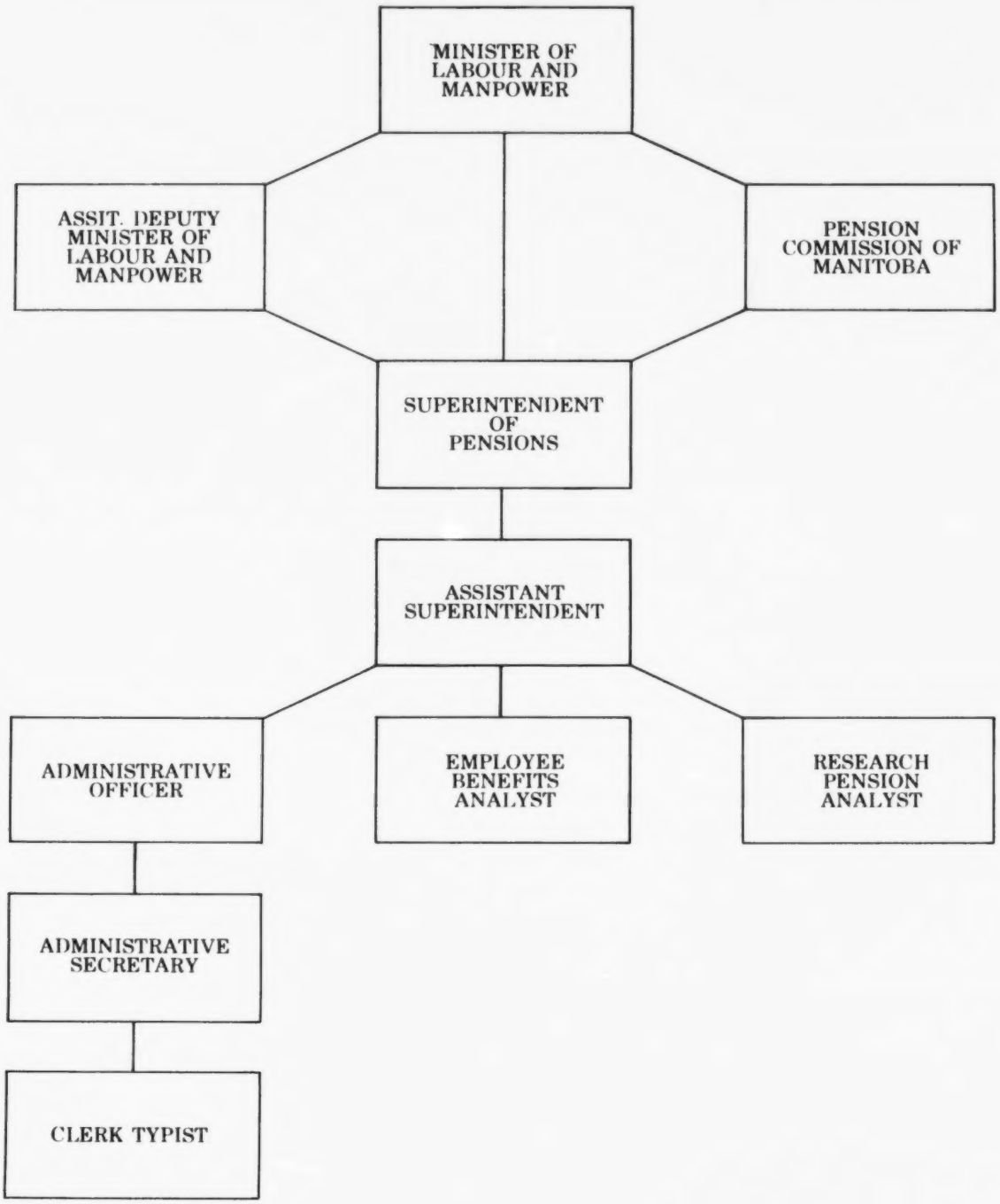
Pension Commission of Manitoba
Department of Labour & Manpower



Part 1

Duties and Functions of the Branch

The Pension Commission of Manitoba and the Office of the Superintendent of Pensions operate directly in accordance with the Pension Benefits Act of Manitoba as established July 1, 1976.

The main objective of the Act is to safeguard employees' rights to promised benefits under private pension plans throughout the Province. The Branch accomplishes this objective through the following activities:

- Registration of all pension plans established for employees in the Province of Manitoba;
- Rejection of any pension plan that does not qualify for registration;
- Supervision of all registered pension plans to ensure continuing compliance with the Act and Regulations;
- Administration and enforcement of the terms and provisions of the Act;
- Cancellation of Certificates of Registration in respect of those pension plans that fail to comply with the Act.

The second mandate of the Act is to promote pension plans and retirement planning in general, by increasing public awareness of their importance. This is accomplished in part by a program established by the Commission whereby a representative is made available at all times to speak to interested groups in any part of the Province, to explain the legislation and the impact that the legislation may have on members of company pension plans.

Another integral part of increasing public awareness as to the importance of pension planning is the publishing of informational booklets and pamphlets on various aspects of pensions which the Commission produces.

The Pension Commission is also responsible for upholding the reciprocal agreements made with other provinces having similar legislation. (See Part III)

Two agreements, one with the Government of Canada, and the other with those Provinces having similar legislation, provide for the reciprocal registration, audit and inspection of pension plans.

Under these agreements, a pension plan subject to the legislation of more than one authority is supervised by the one which has jurisdiction over the greatest number of plan members.

This means that the Branch carries out duties and responsibilities of other authorities in respect of those pension plans which it supervises in accord with these agreements.

Part II

Main Provisions of the Pension Benefits Act

The main provisions of the Pension Benefits Act of Manitoba are as follows:

1. Vesting

This means that a member of a Pension Plan who has been employed with the employer for a continuous period of 10 years or more is entitled to a pension payable at normal retirement age (as stated in the Plan) based upon the benefits accrued from July 1, 1976, to the date of termination of employment. The vested pension is made up of both employer and employee accumulated contributions.

In the case of a member who satisfies the above condition and is under the age of 45 years and elects on termination a cash settlement, the terms of such a cash settlement will be in accordance with the provisions of the Pension Plan and not the Act.

Benefits accumulated or accrued prior to July 1, 1976 are not affected by the Act.

2. Locking-In

The Act provides that a member of a Pension Plan, who has attained aged 45 and has been employed with the employer for a continuous period of 10 years and terminates his employment, is entitled to a deferred life annuity or pension. The total pension accrued by employee and employer monies is only payable in the form of a pension at the normal retirement age stated in the Plan of which he is a member.

The Act does allow that a Pension Plan may make provision for the withdrawal in cash of 25% of the total value of the pension (employee plus employer) contributions. In effect, this means that only 75% of the monies contributed by an employer since July 1, 1976 are locked-in and cannot be withdrawn in cash.

The Act does not affect any contributions made to a Pension Plan prior to July 1, 1976 nor any interest earned thereon. These accumulated contributions may be taken in cash on termination of employment regardless of age or years of service at any time, subject to the terms of the Pension Plan, but not the Act.

3. Explanation to Members

Every employer shall give to each member of a Pension Plan an explanation of the Pension Plan in writing. This will include the terms and conditions of the Plan applicable to him, a written explanation of the rights and duties of the employee, and other such information as may be prescribed by the Regulations.

This information must be provided within 6 months after a new plan is established or amended. Statistical and financial information shall be provided within 9 months after the end of each fiscal year to each employee who is a member of the plan and each employee who is eligible to become a member of the Plan.

A member of a Registered Pension Plan or his agent, authorized in writing, may inspect and obtain copies of the Pension Plan at the offices of the Commission anytime during business hours.

It is important that employees have a good understanding of their provisions of the Pension Plan of which they are members, including all their rights and their duties thereunder.

4. Funding of the Pension Plan

This means that money being accrued by members in a Pension Plan is being set aside either in the form of premiums to an Insurance Company or deposits to a trusteed Pension Fund.

One of the prime purposes for the establishment of the Act and Regulations is to provide greater assurance that promises made to employees in Pension Plans are kept. The legislation sets out guidelines for orderly and acceptable approaches to funding, designed to achieve this prime purpose.

Additional voluntary contributions made by pension plan members are not subject to the Act. Specifically, they are normally fully vested in the member, they are not locked-in and funding is at the discretion of the member, as permitted by the Pension Plan. This applies both before and after July 1, 1976.

5. Investment of Pension Fund Monies

The Act and Regulations are very specific with regard to investments that may be made with the money paid into a Pension Fund.

Investment guidelines recognize the facts that pension funds seldom have a problem with liquidity, that a higher interest return will either lower costs or increase benefits and, above all, that the money must be secure to provide benefits many, many years from now. Here the legislation draws on many years of experience in the insurance, trust and loan fields to ensure that pension benefits will be provided.

6. Non-assignment Attachment or Acceptance as Collateral For Debt

The Act prevents any attachment by a creditor on pension monies due to a member or pensioner under a Pension Plan. The monies that a member has paid into a Pension Plan cannot be accepted by anyone as security or collateral for proposed purchases. It also means that no employer or Pension Plan Administrator can divert money, to a creditor, which is payable to a member.

It does not, however, prevent the creditor from endeavouring to obtain payment of a debt once payment of the pension monies are in the hands of a member.

Part III

Meetings With Similar Authorities

Legislation similar to the Pension Benefits Act of Manitoba has been enacted by the following governments:

Canada	— Pension Benefits Standards Act effective October 1, 1967
Ontario	— Pension Benefits Act, 1965 effective January 1, 1965
Quebec	— Supplemental Pension Plans Act effective January 1, 1966
Saskatchewan	— The Pension Benefits Act 1969 effective January 1, 1969
Alberta	— The Pension Benefits Act effective January 1, 1967
Nova Scotia	— The Pension Benefits Act effective January 1, 1977

The representatives of these authorities having similar pension legislation continue to meet periodically to discuss current events in the pension field, and possible means of dealing with problem areas. The most important results of these meetings are:

- the prevailing high degree of co-operation between the various authorities,
- the maintenance of relatively uniform legislation,
- the promotion of similarity of administration procedures,
- the completion of a report of proposals on pension reform.

Two Specific Groups are Involved in These Meetings:

1. Authorized representatives of the various authorities are members of the Canadian Association of Pension Supervisory Authorities (C.A.P.S.A.). This body generally meets three times a year to review all aspects of pension plans and pension legislation. Its chief concern is uniformity of both the legislation and interpretation of the similar provisions of the various Acts.
2. The group, known as the Committee of Superintendents, also meets on a regular basis. In addition to performing studies on behalf of the Association, it reviews new developments or problem areas and possible means of dealing with same. The substance of its meetings, including any recommendations on particular matters, are reported to the Association.

Part IV

Highlights of the Pension Commission

A) Commission Business

A new Commission was appointed in June with six new members. During the year the Commission met a total of ten times.

The Commission was invited by the government in September to submit proposals for amendments to the Pension Benefits Act. At the year-end these proposals were substantially complete and it is anticipated that, prior to submission to government, public input will be sought.

The issues addressed in these proposals include portability and vesting survivors' benefits, disclosure and protection against inflation and the Commission has, essentially, followed the direction proposed in the C.A.P.S.A. consensus document.

The Chairman, who is this year also Chairman of C.A.P.S.A., presented the C.A.P.S.A. consensus document at the annual meeting of the Canadian Pension Conference in Ottawa in May. In the fall, he addressed a series of meetings on the same subject in Kelowna, Calgary, Edmonton, Saskatoon and Winnipeg.

B) Office of the Superintendent

As the "Great Canadian Debate" on pension reform continues in this country, pensions in all forms have received a very high profile of late. One of the distinct advantages has been the growing awareness on the public's part to educate themselves in the workings of the public and private sector plans. The direct consequence of this heightened awareness has been a substantial increase in the number of day-to-day inquiries directed to the Pension Commission and, in particular, the Employee Benefits Analyst. The main areas of concern included:

— the timing of pension refunds upon termination of employment,

— vesting of employer contributions in the event of termination of employment,

— the application of eligibility rules for participation in pension plans,

— options available upon early or normal retirement,

— interpretation and application of the Pension Benefits Act of Manitoba.

The Pension Commission of Manitoba has always been keenly aware of the need to promote pension planning in general and, through the years, has made several presentations to private groups and employees as well as sponsoring major seminars for union and management groups.

The Superintendent of Pensions has been extensively involved in matters concerning "Pension Reform" and changes to current legislation. On several occasions, he provided advice and consultation to provincial and federal government officials, union delegates, advisory councils and private groups. In addition, the Superintendent has met with senior officials of the Manitoba Federation of Labour to arrange the third co-sponsored seminar. The proposed dates for the upcoming event are scheduled for March 14, 25 and 26, 1983. As in previous years, it is expected that approximately 200 participants will attend.

The Assistant Superintendent was primarily involved in the review and acceptance of triennial Actuarial Valuations. He also worked closely with the Superintendent of Pensions where plan wind-ups occurred. Wind-ups occur either due to the plan sponsor terminating the plan or due to the company going into bankruptcy. Those that fell under the latter category fortunately did not cause any financial loss of accrued benefits to plan members.

The Assistant Superintendent addressed several groups in and around the City of Winnipeg discussing pension plans as they relate to the Pension Benefits Act.

Presentations made by the Pension Analyst included the Women's Institute at the 7th Annual Convention in Morris, Canadian Consumers Association in Brandon and, with the YWCA, co-sponsoring an educational course in pension planning. The Pension Analyst was endeavoring to achieve two main goals in the presentations:

1. The education of the group concerning the present pension plans available or most commonly offered by employers and,

2. Present pension legislation governing employer-sponsored plans today; what rights an employee has under the pension contract; what options are available to him/her; what the employer obligations are, etc.

During 1982, the administrative staff completed a booklet entitled "More or Less Than You Bargained For". Due to numerous enquiries received from representatives of the Manitoba Federation of Labour, the booklet was created to promote a greater awareness of pensions for union delegates. Covering all aspects of the establishment and administration of union-negotiated plans, it forms a valuable reference book for trustees, union members and labour groups. It is expected that the booklet will be released early in 1983.

As in previous years, the "Update Study of Pensions Plans Registered Under the Pension Benefits Act of Manitoba" was completed by the administrative staff. Topics analyzed include contribution rates, benefits chosen, male and female participation, eligibility requirements, retirement age, vesting provisions, death benefits and disability benefits. The study generates much interest from research groups, provincial and federal government departments, libraries, pension plan sponsors, insurance and trust companies and the general public.

GENERAL:

Several changes have occured in the area of personnel. Effective January 1, 1982, Mr. Jack Haip was appointed Assistant Superintendent of Pensions, Mrs. Donna Sylvestre was promoted to Administrative Officer in February and Mrs. Darlene Augert was promoted to Administrative Secretary in April. In addition, Mrs. Sandra Cockerill was hired as the Receptionist in May.

TABLE 1

Pension Commission Statistical Information Plans Processed/Active Plans

986	Plans Processed as at December 31, 1981
- 1	(Registration #M-65966 processed in 1981 was deleted and re-used in 1982)
985	
+ 89	New plans received January 1, 1982 to December 31, 1982
1074	Plans processed as at December 31, 1982
- 34	Plans pending registration as at December 31, 1982
- 37	Plans terminated in 1982
- 271	Plans terminated July 1, 1976 to December 31, 1981
- 6	Plans transferred to other jurisdictions
726	Active Registered Plans as at December 31, 1982

TOTAL ANNUAL INFORMATION RETURN FEES RECEIVED IN 1982:	$41,453.00
TOTAL APPLICATION FOR REGISTRATION FEES RECEIVED IN 1982:	$1,566.00

TABLE 2

New Plans

Type	Number of Plans	Number of Employees		Number of Plan Members	
		Male	Female	Male	Female
MONEY PURCHASE	65*	653	425	350	169
PROFIT SHARING	15	44	13	25	11
FINAL AVERAGE	7	236	170	18	5
FLAT BENEFIT	1	75	16	75	16
CAREER AVERAGE	1	239	142	171	64
TOTALS	89	1,247	766	639	265

**Information not available for two plans*

TABLE 3

Plans Terminated 1981-1982

Type of Plan	Number of Plans	Employee Contributions	Employer Contributions	Special Payments	Plan Members	
					Male	Female
MONEY PURCHASE	26	$ 99,293.00	$104,239.22	$ 1,578.10	111	32
CAREER AVERAGE	6	$ 21,097.92	$ 41,194.66	$ 7,135.00	46	7
FINAL AVERAGE	4	$ 7,000.00	$ 8,837.00	$10,500.00	4	0
FLAT BENEFIT	1		$ 12,157.67	$13,130.00	143	5
TOTAL	37	$127,390.92	$166,427.05	$32,343.10	304	46

TABLE 4

Members Affected by Terminations

Type of Plan	No Successor Plan		New Plan or Amalgamation		All Members Retired		R.R.S.P.'s Established	
	Male	Female	Male	Female	Male	Female	Male	Female
MONEY PURCHASE	34	6	70	27	3	1	4	0
CAREER AVERAGE	21	2	24	5	1	0	0	0
FINAL AVERAGE	1	0	0	0	2	0	1	0
FLAT BENEFIT	0	0	143	5	0	0	0	0
TOTAL	56	8	237	37	6	1	5	0

TABLE 5

Individual Membership Terminations

During 1982, 11,263 employees who were pension plan members terminated their employment. It should be stressed that these 11,263 employees were members of plans that are still active on-going plans and do not include members of terminated pension plans. Following is a breakdown of the type of benefit received by each employee, categorized by age and service.

(A) **Under Age 45 With Less Than 10 Years Service**

No Benefit:	2,416	31.5%
Lump Sum:	5,111	66.7%
Deferred pension:	109	1.42%
Combination *(partial refund and deferred pension)*	33	.43%
TOTAL	7,669	100%

(B) **Under Age 45 With 10 or More Years Service**

No Benefit:	3	1.2%
Lump Sum:	173	71.0%
Deferred pension:	45	18.4%
Combination *(partial refund and deferred pension)*	23	9.4%
TOTAL	224	100%

(C) **Age 45 and Over With Less Than 10 Years Service**

No Benefit:	8	.4%
Lump Sum:	1,899	87.1%
Deferred pension:	213	9.8%
Combination *(partial refund and deferred pension)*	58	2.7%
TOTAL	2,178	100%

(D) **Age 45 and Over With More Than 10 Years Service**

No Benefit:	201	17.1%
Lump Sum:	701	59.8%
Deferred pension:	66	5.7%
Combination *(partial refund and deferred pension)*	204	17.4%
TOTAL	1,172	100%